



City Manager's Office
City of Frisco, Texas

Memorandum

To: Honorable Mayor Maso and City Council Members

Cc: George A. Purefoy, City Manager

From: Nell Lange, Assistant City Manager

Date: 12/29/09

Agenda Caption: Consider and Act Upon an Amendment to Various Fees including Water and Sewer, Sanitation, Ambulance Services, etc.

Action Requested: City Council consideration of an amendment to Ordinance No. 06-11-119, amending fees for the city water and sewer services, sanitation services, ambulance services and other charges.

Background Information: The Budget and Audit Committee met on December 15, 2009 and January 4, 2010 to discuss the various fee adjustments. This information was also provided at the last council meeting on January 5, 2010.

The water and sewer rate adjustment needed in the Water and Sewer Fund was discussed during the budget process over the summer.

For the second consecutive year the Water and Sewer Fund had a net loss for fiscal year 2009. Additionally, the North Texas Municipal Water District (NTMWD) is increasing the cost per thousand gallons from \$1.18 to \$1.25.

We are recommending an increase in the minimum charge for water from \$11.00 to \$14.00 per month and an increase of seven cents (\$0.07) per thousand gallons for usage between 2,000 and 15,000 gallons. The rate will increase from the current \$2.69 to \$2.76 per thousand gallons. The rate for usage between 15,001 and 25,000 is currently \$3.15 and is recommended to increase to \$3.22. The rate for the third tier of over 25,000 is recommended to increase from \$3.39 to \$3.46. As you can see from the attached schedules, this recommendation is very comparable to our surrounding cities.

The commercial rates are being adjusted in a like manner. The current rate is \$2.79 per thousand gallons. We recommend an increase to \$2.86 per thousand. Additionally, we have increased the minimum charge per meter as seen on the attached schedules. The irrigation rates are also similarly being adjusted.

We recommend adjusting the minimum sewer charge from \$11.00 to \$14.00 per month and an increase of five cents (\$0.05) per thousand gallons for usage over 2,000. The current rate is \$2.50 per thousand and is projected to increase to \$2.55 per thousand gallons. We currently have winter averaging. We would like to move to a three year averaging, which is comparable to the Plano and Richardson method; however, our software will not currently support that feature. We are proposing to look at new software in the next year to eighteen months.

The commercial sewer rates are being adjusted in a like manner. The current rate is the same as the residential rate except it has no averaging. So everything over 2,000 gallons is currently billed at \$2.50 per thousand gallons and proposed to increase to \$2.55.

We are recommending that the Tap fee section be amended by deletion of specific costs. This change will allow us to change the fee when our cost goes up without bringing the ordinance back to council each time. Our recommendation is to recover the total cost of installation (material and personnel time).

We are recommending an increase in the sanitation rates in all areas of service due to increased costs from our vendors in the contracts approved last summer. In addition the NTMWD has gone up on their landfill costs. The residential rate is proposed to increase from \$10.00 to \$11.00. The commercial rate schedule is being increased as well. We have provided comparison information for these services. However the commercial service is very complex and not easily compared. As you can see each city provides some similar services but the service levels vary. Over all Frisco cost to residents is lower than any other community in the area. Further, our commercial rates are comparable to others in the area.

We are recommending an increase in ambulance fees also. The current base fee for an ambulance transport to our citizens is remaining at \$550.00. The cost for the base transport to those persons residing outside our city limits is proposed to increase from \$635.00 to \$700.00 per trip. The mileage rate is going from \$7.00 to \$10.00 per mile on both the citizen and visitor transports. The cost for services rendered during the transport is recommended to change from a flat \$50.00 per procedure to various fees based on the services provided. This will allow for a much more detailed bill which we hope will in turn provide more income from insurance companies and Medicaid payments.

We also have included recommended increases from the Fire Department for Hazmat services and for the permitting process.

Board Review/Citizen Input: The Budget and Audit Committee has reviewed the recommendations. They met twice to discuss the adjustments and agreed with recommendations.

Alternatives: City Council could choose not to move forward at this time and provide staff direction.

Financial Considerations: The Water and Sewer Fund preliminary results for fiscal year 2009 indicate a net decrease of three million dollars in working capital. These rate adjustments are needed to ensure the fund's financial stability. We hope the proposed fee changes and a little less rain will provide enough increase in revenue to provide a net increase for FY10. We will monitor revenues closely throughout the year. The increases for the solid waste services should ensure that the total revenue will cover the increased expenses and keep the net income at a breakeven point.

The recommendations from the Fire Department are to help recoup a larger percentage of the cost to provide the services. We would never intend to completely recover these costs; we are just trying to recover some of the increasing costs to provide the services.

Legal Review: Ordinances were reviewed and/or drafted by the City Attorney's office.

Supporting Documents: Ordinances, Comparison information, Department memo.

Staff Recommendation: Staff has provided additional information as requested by Council at the last meeting. Staff recommends approval of the amendment to the ordinances. If you have additional questions or concerns, please contact me at (972) 292-5110 or nlange@friscotexas.gov.